

CHEROKEE COUNTY
BOARD OF COMMISSIONERS

Work Session

April 16, 2013

3:00 p.m.

Cherokee Hall

MINUTES

The Chairman began at 3:04 p.m. with all Commissioners present.

1. Discussion on Lathemtown Branch Library with Susan White, Director, Sequoyah Regional Library System.

Ms. White began with a background of a resolution from 2008 sent to the State that specified there would be room for an R.T. Jones expansion, which has been completed, and the construction of a new library in the northeastern part of the County along with operational funding beginning by 2012. The State approved \$2M for the new library which would have to be used by November 2013. It was originally decided to locate the new branch at the East Park project site. Due to the park's delay, the County purchased property on Highway 20 in Lathemtown to build the library. Ms. White stated that she and the Library Board feel there are two options: begin construction in May 2013 in order for the allotted funds to be used by November 2013 or cancel the project altogether. She addressed the concern by the Board of Commissioners of the operational funding.

Commissioner Johnston confirmed that the funds are an all or nothing thing. Ms. White said she spoke with the head of construction with the State and was told it had to be completed by November 2013. Commissioner Johnston confirmed that the funds are an all or nothing thing. Ms. White said she spoke with the head of construction with the State and was told it had to be completed by November 2013. Commissioner Johnston asked if she knew if the capital money for construction included in the \$2M was all lined up. Ms. Funk stated the County has \$1.5M from SPLOST V earmarked for the library in FY2014. Ms. White commented that the amount originally stated in the resolution was \$3.6M coming from the County and \$2M from the State for a total of \$5.6M. Chairman

Ahrens asked what the estimated operating expenses would be per year. Ms. White said that an analysis based on branches similar in square footage, she believed it to be about \$300,000. She added that it was an estimate since utility costs are uncertain. Commissioner Johnston asked about the number of staff planned for the facility. Ms. White replied that they planned to have five full-time staff and five part-time staff. The Chairman asked the earliest start date for hiring staff. Ms. White stated that based on the architects construction schedule, the project is to be completed by June 2014, so hiring would take place after the first of the year. Commissioner Johnston commented that the Board needs to decide if we can or will come up with the \$2M within the timeframe of the construction; and can we come up with operating costs for 2013 and 2014. If not, we're faced with cancelling the project. Ms. White added they have spent over \$300,000 of State money already that would have to be refunded if the project was cancelled. Commissioner Nelms confirmed with Ms. Funk that the \$1.5M is already allocated currently in SPLOST V and the \$2.1M gap is from future SPLOST in 2014. Mr. Cooper interjected that what would have to happen in the 2014 budget process is to do a cash flow analysis, see what projects are in the pipeline and what's under construction.

He would have to meet with Ms. Funk to go over the numbers. Commissioner Nelms added that the question will become, do we move forward here, and in doing so, do we push future projects back. Mr. Cooper stated he couldn't say there wouldn't be any negative impact on future projects. Commissioner Johnston commented that a real issue would be operating expenses since 2014 will be a difficult budget year. Mr. Cooper added another option would be to delay opening the library until maybe October or November of next year which would allow a little more time. The Chairman stated the delay in opening would be just a shift in timing to fit the budget year. Commissioner Nelms stated he would hate to see the County lose funds granted by the State. He agreed delaying the opening to the fall of next year would help from a cash flow standpoint. Mr. Cooper stated the challenge is that he doesn't anticipate a speedy recovery in the economy and will have to make some tough decisions. He doesn't anticipate breaking even until probably the following year. Commissioner Nelms asked Ms. White if opening in October would be realistic in her expectations of the operating side. She said she had hoped to open by June, but understood if the date needed to be pushed back due to the operating issues. She added they are just at the point of needing to know whether or not to sign the contract with the construction company that won the bid. The Chairman suggested adding the topic to the agenda for the May 7th meeting to further discuss.

The Chairman mentioned citizens have asked what the situation is on naming the future library. Ms. White stated the naming had already been completed by the building and grounds committee. They chose the name, and then presented it to the Board in January, and the Board voted on it. However, they decided to go back to the building and grounds committee and discuss it again and get some input from the community. The building and grounds committee will meet again and bring it back to the Board in August. The Chairman said he believes that to be a responsible decision.

NOTE: While not covered in the meeting, Ms. Funk later confirmed the following numbers in the FY2013 Budget document:

SPLOST V - \$1.5M earmarked for library construction to be spent in FY2014

SPLOST V - \$1.3M budgeted in FY2013 for general library books and capital – the Library could choose to direct this money to the library construction

SPLOST 2012 - (the “future” SPLOST referenced above): \$1.5M earmarked for library construction in FY2014

SPLOST 2012 – \$1.0M earmarked for other library needs (books and capital) beginning in FY2015

2. Financial Review – FY2012 Audit and CAFR by Janelle Funk.

Ms. Funk provided an overview of the 2012 financial audit. She reviewed the historical results of audit findings. She believes the results are good considering the size of the County. She went over the process that occurs after the audit is complete. She then reviewed why and how a CAFR is prepared and reviewed the different sections of a CAFR. Ms. Funk showed the three findings from the audit. She stated she was pleased with the results and the findings were easy to correct. Ms. Funk reviewed the final results and commended the individual County departments for sticking to their budgets, specifically the expenditures. Commissioner Johnston confirmed that the difference between fund balance and cash is short-term receivables and payables. Ms. Funk stated the CAFR is on the County website and has been sent to various entities. She submitted the CAFR to the GFOA to be considered for an Achievement for Excellence in Financial Reporting certificate. The County should receive an acceptance letter from the State of Georgia sometime in May.

Mr. Cooper went over items under the **County Manager's** portion:

- Consider awarding Professional Services Agreement (PSA) to most responsive, responsible proposer, LifeQuest Services, for Ambulance Transport Billing Services, at a fee not to exceed 6.5% of total net billings per month. Thirteen proposals were received and the top three scored as follows (out of a possible 100): LifeQuest – 94.74%; Emergency Medical – 90.31%; Metro – 89.33%.

Mr. Cooper stated there would be no negative impact on expenditures. Commissioner Johnston asked if the former vendor would continue to collect everything they've billed or would the new vendor take over everything including

what's in progress. EMS Chief, Danny West responded that the present vendor would finish the current billing cycle and LifeQuest would start fresh on May 1st.

Ms. Angie Davis went over the **County Attorney's** portion:

Ms. Davis addressed a proposed amendment to the Professional Services Agreement with McClendon and Associates regarding the Forensic Audit. She mentioned they originally discussed putting it in the form of a motion but there are several issues to address and thought it best to put it in writing. We can then have the auditor sign the document as well as the consulting attorney that the auditor wishes to retain. Ms. Davis offered to discuss the components of the amended agreement. The Chairman said just a preview for the newer Commissioners would be fine. Ms. Davis gave a little background information stating the County had been approached by the forensic auditor with the indication that this review is massive. She added a large amount of review and research has been conducted thus far. She noted the original Professional Services Agreement set a cap of \$75,000 with a standard change order component that would allow Mr. Cooper to approve an additional \$25,000. The original \$75,000 has been used and the additional \$25,000 change order has been approved, thus \$100,000 has been used up to this point. Ms. Davis said we were presented with a revised budget. She stated the auditor emphasizes this is a very conservative "worse case" estimate of how much additional time and money she thinks it will cost to complete all that she needs to do and it would be referenced as a "not to exceed" amount. She is seeking and requesting an additional \$169,000 to complete the audit. Ms. Davis stated this was not unlike concerns expressed from the start. She added Ms. McClendon also requested to be able to retain a consultant in the form of a lawyer she has already selected. He sent the County a letter with information of his background and experience. He has worked with Ms. McClendon on other audits. Ms. McClendon believes it is important to have a legal consultant to guide her as she finishes the audit. Ms. Davis stated the auditor said the attorney is for keeping her on track by way of obtaining pertinent facts that would lead to potential claims or crimes. She also suggested in the scope of work, which was largely provided by the Grand Jury, is legal in nature and a non-lawyer couldn't conclude on such as contractual deficiencies. Ms. McClendon requested with respect to the retention of a legal consultant, a \$25,000 retainer as requested by the attorney, with a \$50,000 cap inclusive of the retainer. Ms. Davis said that Ms. McClendon assured that she would not ask for more. Another component to be addressed is delivery of the report. Ms. McClendon, Ms. Davis, and the District Attorney discussed the best way to handle the delivery of the report. It was determined that in order to be sure there is no question about the County guiding the report, tainting or changing the report that it go directly to the District Attorney's office. The District Attorney would then release it as she deems appropriate.

The Chairman agreed the timing is right to move forward. He added it is a huge undertaking as Ms. McClendon has to investigate to determine fact. She's not making judgment. He stated that they haven't been given any information other than to request additional resources. Commissioner Johnston stated it would take some getting used to in order to support a nearly three-fold increase from what was originally

approved. His concern is what we get for the additional costs. Ms. Davis said that there isn't a list of things covered under the cost and we can't ask nor would she answer. Ms. McClendon told Ms. Davis it is her professional obligation to see and know everything and she won't complete or call it complete until she knows that. Commissioner Johnston believes at some point she will have to make a judgment based on priority leads and be done. Ms. Davis stated that Ms. McClendon did disclose to her that if she follows a lead that turns out to be a dead-end, she writes it off and doesn't charge the County for it. By citizen demand, she also went back to 2005, so she's researching over eight years and \$18M worth of information. Ms. Davis stated that in her opinion from her contact with Ms. McClendon, she is exceedingly detailed and thorough. She will produce detailed bills at the conclusion of the investigation. Commissioner Nelms asked if she mentioned a possible date of completion. Ms. Davis said she had not. The Chairman stated that part of the other aspect of this is if she is called to the stand to testify, she's got to prove that she's done all this. Ms. Davis added that if the auditor were to be asked to stop at \$100,000 of work, the effort would be worthless and Ms. McClendon would have to state she cannot make a conclusion. Commissioner Nelms asked if they agree to fund it, can we get something from her stating this is the maximum amount. Ms. Davis responded that Ms. McClendon told her that this would definitely be the maximum amount. Ms. Davis added that we are not fronting the money, it will be billed monthly. Commissioner Poole asked that upon signing the amended Agreement that the auditor provide a finished product. Ms. Davis said she assures she would.

The Chairman stated the decision about the delivery of the report is important. Commissioner Johnston agreed that if the D.A. is willing to be the recipient and custodian of the report until the appropriate time she feels it should be released, it's alright. Ms. Davis stated that ultimately, it will be published. There will be accountability with that as the District Attorney will have had it in its original form so there's no question the County will ultimately be transparent. She thinks the District Attorney wants to ensure that something's not made public that would thwart her ability to prosecute if necessary.

Chairman Ahrens asked the Board if the recent Grand Jury presentments is something they would want to discuss during the regular meeting with consideration of replying by the next meeting. Commissioner Johnston stated he appreciates the Grand Jury's work and suggestions. If time allows, he believes they should discuss it.

The Chairman asked if there was anything else, hearing none, a motion was moved by Vice-Chairman Nelms to adjourn the Work Session at 4:22 p.m. Commissioner Gunnin seconded and the motion carried unanimously.

Joint Work Session with RRDA to Follow